


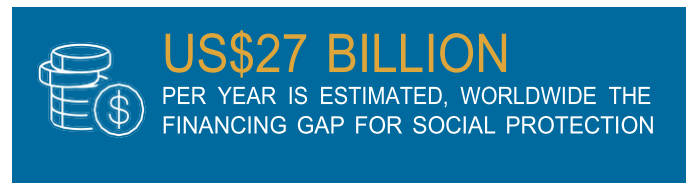


UNDP'S  
SOCIAL  
PROTECTION  
OFFER

An abstract graphic consisting of numerous parallel lines of various colors (including shades of orange, yellow, green, blue, red, and pink) that radiate from a central point on the right side of the image, creating a fan-like or sunburst effect against a dark grey background.

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# I. Introduction



Social protection is an effective tool to promote economic and social inclusion and it is a key lever to reduce inequality and poverty, address vulnerabilities and enable investment in human development. It is now more critical than ever as the COVID-19 pandemic has brought into a harsh light the gaps in coverage throughout the world. Going into the crisis, half of the world (ILO, 2017) did not have adequate social protection and hence was not prepared to face the sudden and significant loss of income and large out-of-pocket health expenses.

While some countries were able to ramp up income support, the impact of the pandemic and related socio-economic slowdown are likely to set back hard-won development progress. The United Nations Development Programme's (UNDP) latest Human Development Report (HDR) shows that for the time in 32 years, the Human Development Index has declined globally for two years in a row in the wake of the pandemic (UNDP 2022 b). Similarly, it is estimated that 100 million (UNDP, 2020; World Bank, 2020) have fallen into poverty because of the economic slowdown due to the COVID-19 pandemic. The combined effect of COVID-19 and the cost-of-living crisis could lead an additional 75 million to 95 million people to live in extreme poverty in 2022 (UNDP 2022c). Furthermore, by exacerbating exclusion, the triple crisis is threatening the achievement of the principle of Leave No One Behind (LNOB). By 2030, up to two-thirds of the world's extreme poor are expected to live in countries characterized by fragility, conflict, violence, and high levels of disaster risk (UNDP 2022a). Social protection can help mitigate this by playing a key role in sustaining basic income and increasing access to opportunities and resources, including basic goods and services such as quality health care (UNDP 2020 h).

The world of work has been badly hit by the pandemic and its socio-economic impacts, particularly micro, small, and medium enterprises (MSMEs) and informal and non-standard workers.<sup>1</sup> Approximately 1.6 billion women and men make their living in the global informal economy and they receive little or no social protection (ILO, 2020). Many of them live day by day, on the brink of poverty, and usually cannot save for a rainy day. This vast exclusion is linked to a financing gap for social protection that is estimated, worldwide, at US\$27 billion per year in low-income countries and \$500 billion per year in middle-income countries (ILO, 2019). The pandemic has also exposed the extent of our society's dependence on women's unpaid and low-paid care work, including frontline health work and domestic work.

One lesson from the pandemic, though, is that it is possible to rapidly expand or launch social protection measures to cover those who are otherwise unprotected. Political will and creativity have been on display in the design of programmes and through leveraging digital technology to identify beneficiaries and deliver benefits. However, much remains to be done, including exploring solutions for the 'missing middle' (those not poor enough to receive social assistance benefits but whose source of employment offers little, if any, protection). The momentum generated by the pandemic should be harnessed to integrate those short-term measures into social protection systems.

For UNDP, social protection is understood as a set of nationally owned policies and instruments, organized around systems that provide income or in-kind support and facilitate access to goods and services to all households and individuals at least at minimally accepted levels, to (i) protect them from multiple deprivations and social and economic exclusion, as a matter of human rights and particularly during shocks or periods of insufficient income, incapacity or inability to work, and (ii) empower them by increasing productive capacities and enhancing capabilities.<sup>2</sup> At an operational level, social protection systems are articulated around programmes, platforms and institutions that provide coherence and consistency and are organized around contributory or non-contributory forms of income support and around social assistance, social insurance and labour market interventions.

<sup>1</sup> Including seasonal workers, street vendors, contributing family workers (mostly women and mostly unpaid) gig and platform workers.

<sup>2</sup> Adapted from UNDP, Leaving No One Behind: A Social Protection Primer for Practitioners, 2016.



Social protection can be a powerful tool to reduce multidimensional vulnerabilities, poverty and build resilience. By tackling inequalities, vulnerabilities, deprivations and exclusion. A **multidimensional approach** to social protection is, hence, a key policy lever to connect and contribute to other development goals, such as fighting climate change or promoting gender equality, for example. To achieve these objectives, social protection interventions should strive for greater integration among the economic, social, good governance and environmental pillars of sustainable development.

UNDP’s engagement in social protection is firmly grounded in the human development approach which aims at narrowing the gaps in basic capabilities (education, health, life expectancy, for example) and gradually enhancing advanced capabilities (quality of education and health care) that will give citizens the freedom and opportunity to live the lives they aspire to. It is anchored in the organization’s work of tackling inequalities and eradicating poverty. UNDP’s integrated Offer on Signature Solution 1 of the Strategic Plan<sup>4</sup> 2022-2025 aims to empower 100 million poor, marginalized, and excluded populations to escape persistent multidimensional poverty and vulnerabilities by 2025. It creates synergies with the other Signature Solutions of the Strategic Plan, and calls for a widening of the scope of social protection to address multiple vulnerabilities and a more concerted focus on vulnerable groups dimensions, as well as the 2022 HDR that suggests a way out of the triple crisis (Covid, cost-of living and climate emergency) around the three key “Is” of the future: Insurance (including social protection), Innovation and Investment. This offer also builds on the social protection component of UNDP’s COVID-19 2.0 offer which aims to provide not only immediate relief but also look beyond recovery, towards 2030. As such, it is part of our response to the new economic paradigm called for by the current crisis, and it should be centred on a new social contract that creates equal opportunities.

Against this background, the offer presented here adopts an integrated vision of social protection in line with the imperatives to achieve the following:<sup>5</sup>

1. **Protect/prevent** – by decreasing vulnerabilities to risks and shocks, ensuring adequate consumption and income and food security, and preserving access to basic services. The positive impacts of social assistance and social insurance interventions such as cash and in-kind transfers, and social care services.
2. **Empower/promote** – by increasing productive capacities and new capabilities of vulnerable households, including via access to quality health care and education as well as labour market interventions.
3. **Transform** – to build a more just society based on fairness by addressing structural drivers of poverty, inequality and vulnerability, including by promoting a transformation towards an equalizing, greener and more sustainable way of living.

<sup>4</sup> Signature solution (SS) 1: Poverty and inequality; SS 2: Governance; SS 3: Resilience; SS 4: Environment; SS 5: Energy; SS 6: Gender equality.

<sup>5</sup> These three functions of social protection are aligned with the UNDP Inequality Paper’s proposal of ‘buckets of response/solutions’ to address inequality (UNDP, Inequality Narrative, Background Note) as well as on the transformative social protection framework (Devereux, Sabates-Wheeler, 2004).

## II. Approach

Some of the main lessons from the pandemic are that there are (1) significant gaps in social protection coverage, (2) weak governance of social protection systems and (3) an evident level of shock-unresponsiveness of existing social protection mechanisms. These are the key issues this offer seeks to address. This is not meant to be an exhaustive offer but rather one where UNDP can contribute and partner with other UN Agencies to deliver in an integrated manner in areas where it has strong value propositions and/or collaborative advantages at the country level.<sup>6</sup>

### 21 CHALLENGES

#### Gaps in social protection

With more than half the people in the world receiving only partial or no social protection coverage at all, their capacity to prepare for, respond to, and recover from shocks is limited. This can lead them to harmful coping strategies like taking on high-risk jobs, selling off assets, going into debt or foregoing investment in their own human development. The key gap in social protection is therefore coverage, which can be due to multiple factors, for example, poorly designed and/or managed programmes and fragmented systems where particular categories of people fall through the cracks;<sup>7</sup> eligibility criteria; remoteness, which limits access and being counted; budget constraints and limited fiscal space for scaling up programmes. Lack of access can also be caused by more structural issues like discrimination, traditional norms and values that perpetuate exclusion of certain populations and working in the informal sector. Additional gaps are related to comprehensiveness (which risks are covered) and adequacy (how adequately are risks covered).<sup>8</sup>

#### Weak governance systems

The administrative, institutional and legal architecture that underpins and delivers the programmes, can drive these gaps in coverage. Where there is a focus on standalone programmes or governance systems are not strong enough to manage social protection programmes across the social insurance-assistance continuum effectively, there are risks of deliberate or accidental exclusion of eligible populations, and inclusion of non-eligible households or duplications across programmes, delays in payments or delivery of benefits.

Furthermore, transparent and accountable social protection systems require social registries or interoperable databases where (a) all individuals that are entitled to receive protection are known to the state and are registered individually to receive protection, and (b) only those eligible are registered, and registered only once. Both of these conditions can only be achieved via comprehensive legal identity systems, with integrated civil registration and vital statistics (CRVS) and identity management systems (such as national ID card schemes) which require strong governance capacities, including for data protection.

<sup>6</sup> See Partnerships section in this document.

<sup>7</sup> ILO and UNESCAP 2020 points out, for example, that some may be disqualified from participating in poverty-targeted non-contributory schemes, while at the same time they cannot participate in contributory schemes due to the informal nature of their work.

<sup>8</sup> Comprehensiveness and adequacy of benefits will be prerequisites for considering extended coverage.

### Shock-unresponsiveness of existing social protection mechanisms

Social protection gaps and weak governance exacerbate the vulnerability to risks and shocks of many people, as well as the shock-unresponsiveness of existing social protection mechanisms. The pandemic has highlighted the importance of designing social protection programmes and systems that:

- i. can react to sudden and/or new macro or covariate shocks (e.g., the need for adaptive social protection or area-based programmes is becoming more important in the context of climate change) and are able to increase benefits and/or cover new beneficiaries; and
- ii. have the flexibility to incorporate new transfers, programmes or phase out old programmes if necessary.<sup>9</sup>

## 22 UNDP'S SUPPORT TO SOCIAL PROTECTION

To tackle these three connected sets of issues, UNDP will collaboratively support countries with a **systems approach** aiming at the following social protection objectives:

1. Improve family and community resilience by supporting the design of inclusive, promotive, effective and risk-informed social protection systems;
2. Strengthen social protection systems through adequate institutional, legal and administrative architecture and programmes.

UNDP will also collaboratively support countries in the production and management of data and CRVS systems and the collection of data and assessment of evidence (especially through robust impact evaluations) to inform design and to measure progress and impact.

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<sup>9</sup> For such an analysis, see International Policy Centre for Inclusive Growth (2013) Technical Paper #6.

FIGURE 1. Objectives of UNDP's support for social protection



There are three cross-cutting enablers – financing/fiscal space, innovation and digitalization, and data and evidence.

### Responsive and accountable governance

The three thematic components are mutually supportive. For addressing the insufficient, inadequate and/or lack of social protection coverage, the offer will focus on supporting more **responsive and accountable governance through collaborative work with those supporting the strengthening of social protection systems**. Responsive and accountable governance has an important role to play in ensuring effective checks and balances and removing the explicit and implicit barriers that prevent people from benefiting fully from social protection. The governance work will focus on: (a) increasing governments' management capacities and making systems and programmes more transparent and accountable for results; (b) support to governments to be more cohesive and coherent in their approach to social protection by promoting national social protection strategies, policies, whole of government approaches (at least across key ministries) and joined up systems for better coordination; and (c) support to inclusive social registries, improved targeting and delivery mechanisms that can be achieved through digitalization which allows for good data collection and analysis as well as speedy payment/delivery. Furthermore, the governance component will support government processes to identify administrative efficiencies and coordinated delivery to effectively utilize resources and advocate for financing of social protection programmes. This work will also focus on promoting information flows both from the government to the population and vice versa as well as coordination between and within government departments and levels. To be responsive, grievance management mechanisms will be strengthened to address how social protection programmes are delivered.

Likewise, civil society participation should be encouraged for greater ownership as well as accountability and transparency.

### Strengthen resilience

The resilience work will aim at reducing vulnerability at the individual, household and community level, enabling them to manage risks and face shocks with improved capabilities for recovering sooner and stronger and to face future shocks. To that effect, social protection should be more risk-informed and shock-responsive. For example, UNDP will support countries to design and implement systems programmes and reforms that take into consideration the different risks faced by communities as well as how households manage risk. The focus will be on identifying options ranging from more universal/rights-based programmes to design features (e.g., national household registries) that will facilitate flexibility across the system to expand vertically (increasing benefits) or

horizontally (including more beneficiaries) in case of shocks. Alternatively, new programmes can also be adopted to respond to a shock, building on the existing systems to address needs that were not previously covered. This requires having social protection systems that are well designed and managed and thus are grounded in sound governance systems. It is also recognized that empowerment and inclusion of all marginalized population groups contribute to resilience-building at the individual, household and community levels.

### Environmental sustainability

The offer will focus on the intersections between social protection and climate, environment and energy with a view to mutually reinforcing resilience in these areas. This is an innovative approach, and one UNDP is well-placed to take on with a solid practice in environmental sustainability, focus on adaptation, including at the community level, and support to mechanisms such as adaptive social protection, amongst others. This area of work will help countries in addressing vulnerabilities to risks and shocks when they emanate from exposure to climate change risks or other natural hazards. It could even address protection for people affected by resource-based conflicts. Likewise, for the environmental component, there can be actions that support people whose income generation is affected by the transition to green energy, the 'green transition'. Efforts are needed to smooth the transition and address trade-offs for different groups over time and to support them with social protection instruments such as cash transfers and re-skilling to access jobs in the new green economy. These efforts are closely connected to the resilience component. Similarly, social protection interventions will help offset the loss of income or the negative effect on livelihoods that unsustainable consumption and production can generate. But most importantly, social protection benefits can generate incentives for more sustainable practices increasing awareness in beneficiaries as well as the community at large. Lastly, solid governance is a key aspect here both from the angle of protecting the environment and the management of natural capital, as well as designing and managing social protection programmes connected to environmental sustainability.

The three entry points are areas where UNDP has a solid track record and are established practices within the organization. This offer rests on these areas to add value to our work on social protection. The offer is integrated in the sense that social protection is interacting with other policy areas such as environment, governance and humanitarian work. This offer proposes social protection interventions towards achieving gender equality and women's empowerment results, labour market results or environmental objectives, for example.



## 23 ENABLERS

### Financing

Social protection needs sustainable financing that ensures the implementation of programmes in the long term. While funding remains a major challenge due to tight fiscal space, more and more countries are recognizing that social protection is a long-term investment in social cohesion and human development, rather than an expenditure, and therefore should be prioritized in budgeting plans. The current momentum should be seized by building on the strong willingness of countries to address the structural issues driving inequalities.

Estimates put the social protection financing needs for middle-income countries on average at 1.6 percent of GDP and for low-income countries at 5 percent of GDP.<sup>10</sup> Continued implementation of existing social protection programmes and their expansion (increased coverage and level of benefits), or creation of new ones requires a strategy for creating an adequate fiscal space and a careful examination of intra-budget allocations. This strategy needs to start by assessing the financing needs for the social protection objectives pursued and then examining all sources of financing available to the state, be they public, private or Official Development Assistance.<sup>11</sup> Some UN joint programmes have also focused on this issue in the context of the Integrated National Financing Frameworks for the SDGs (INFF). Financing may come in different forms, sometimes in combination, such as raising revenues from taxes; including earmarked taxes or replacing subsidies benefiting the non-poor primarily with targeted transfers; reducing tax avoidance; improving expenditure efficiencies, including through consolidating/rationalizing social protection programmes; curbing illicit financial flows; redirecting general price subsidies and, as a last resort, even going into debt. Raising funds from innovative sources can also be explored. For example, subsidies on fossil fuels could be progressively phased out and permits can be auctioned for carbon emissions and generate substantial financial resources. According to the IMF, fossil fuel subsidies amounted to just over \$5 trillion in 2017 (IMF, 2019). Furthermore, partnerships with the private sector and even non-governmental organizations are another potential source of financing or at least partnering for delivery of benefit. It is important that financing decisions come after serious study and social dialogue so each country can best choose among financing options. UNDP possesses tools (e.g., microsimulation toolkit to assess the redistributive effects of fiscal policies in Latin America and the Caribbean), structures (financial sector hubs and Insurance and Risk Finance Facility), and initiatives (INFF, Tax Inspectors without Borders, Alliance for Anti-Corruption, Transparency, and Accountability (ACTA) in Health” and others) that position it well to collaboratively assist countries in instituting strategies for sustainable financing of social protection.

### Digitalization and innovation

Digitalization offers promising options for the management of social protection programmes and systems and offers solutions at the most macro and micro levels. At the macro level, digital solutions will be developed for collecting, cross-referencing and managing data to improve the effectiveness of targeting and identification of beneficiaries, as well as the definition of benefit levels. Likewise, digitalization will be leveraged to better connect fragmented programmes and lend cohesion to social protection systems. At the micro level, a key entry point is digitalization of legal identity systems such as national ID cards. Digitalization also plays a key role in modalities for delivery of benefits, from mobile phone payment systems (preferably linked to national ID systems) and electronic wallets to ATM or debit cards, generation of national identification cards for beneficiaries, biometric identification modalities, postal system delivery, as well as systems for verification of benefit delivery. Finally, digitalization will be used not only to deliver payments, but also receive contributions of individuals, even informal sector workers, to their own social protection plans, such as pensions. Due consideration will be given to the existing digital divide because of gender, age, location, disabilities, or income. Consideration will also be given to data protection. UNDP has developed expertise in this area working with specific projects, but also through the SDG Acceleration Labs.

<sup>10</sup> Examples of middle-income countries: Brazil spent 9.5 percent of its GDP on health, India 3.53 percent and Mongolia 4 percent. Among low-income countries: Afghanistan 11.7 percent, Niger 7.7 percent and Zimbabwe 6.6 percent (Source: World Bank Data Bank).

<sup>11</sup> For examples, see Durán-Valverde et al. 2020, and International Labour Organization (2019b).

## Data and evidence

Disaggregated data and evidence are critical elements for measuring progress and informing design of social protection interventions. Data and evidence are generated through the interventions proposed in each entry point and at the same time the interventions require data and evidence for design and for determining their adequacy in addressing the issues they are meant to address and reach the people they are meant to reach. To name a few, UNDP has developed significant expertise in supporting countries construct data sources such as Multidimensional Poverty Indexes and as the lead agency in the socio-economic recovery of the UN's response to COVID-19, it has also supported 93 countries in conducting Socio Economic Impact Assessments (SEIAs) and 128 countries in developing Socio Economic Response Plans (SERPs) which are being fed into a global data insight platform to enhance evidence-based design and policy interventions.

Building on the large-scale investment in social protection, UNDP and IPC-IG have mapped 961 measures across regions in "Next practices: Innovations in the COVID-19 social protection responses and beyond"(UNDP and IPCIG 2021). The report documents inclusive innovative measures in beneficiary identification and registration, payment mechanisms, communication, case management and grievance redressal mechanisms (GRMs). It also showcases financing approaches and coordination mechanisms.



### III. The Offer

The offer is articulated around 12 social protection solutions that cut across the three key thematic components with the aim of supporting 120 countries by 2025.

**FIGURE 2. Integrated offer**

